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Wage changes in industry, September, 1914-December, 1920. Research report no. 35. (New York: Nat. Indus. Conference Bd. 1921. Pp. 49.)

Wages and hours of labour in Canada, 1901-1920. Report no. 1. (Ottawa: Dept. Labour. 1921. Pp. 31.)

A works council in being: the Bourneville scheme. (Birmingham: Bourneville Works. 1921.)

Money, Prices, Credit, and Banking

Banking Progress. By J. LAURENCE LAUGHLIN. (New York: Charles Scribner's Sons. 1920. Pp. x, 349. \$5.00.)

This account of the banking legislation of the last twenty-five years presents the attitude of a contemporary on the questions at issue. It records the opinions of one who, throughout the period, was influential with bankers and with members of Congress; as such it is more than an objective record of what happened; it is a document which, even beyond the intention of the author, indicates how completely political considerations determine the legislation on questions which are essentially technical and require expert opinion.

In the long struggle from the days of greenbackism and free silver to the establishment of the federal reserve system, Professor Laughlin, judged by the political outcome, has invariably been right. He supported the campaign for sound money, suggested an asset currency, recognized the inadequacy of emergency note issues, opposed the guaranty of bank deposits, and anticipated the idea of regional banks co-ordinated by a supervisory board. At one point in the organization of the federal reserve system, the maintenance of a single reserve against both notes and deposits, the bill as enacted differed from his recommendations, and the course of events since then has proved, he believes, that there is a structural weakness at just that point. Chapter by chapter, the questions are taken up chronologically; the arguments presented are those which were most effective in persuading business men of the need for banking reform; the political compromises described are those which led to the ordinarily makeshift legislation which was hurried through after a banking crisis.

One reason the legislative result agreed so well with the opinions Professor Laughlin had already expressed, is that he made articulate the aspirations of those in the banking and business community who were influential in securing legislation. For this task he was admirably fitted by reason of his lucid style, his uncritical acceptance of the fundamentals of business enterprise, and by the character of his expressed opinions which were never too far in advance of what was politically possible. No wonder that as he looks back over the events

which led finally to the Federal Reserve act, it is to him "an interesting story with a happy ending" (p. 216).

When considered in the light of the present problems of money and credit, however, the surprising thing is how many of these questions dealt with legislatively are still unsolved,—are, in fact, present in a more aggravated form and under conditions which make them more difficult to handle. The maintenance of the gold standard, for example, is not now a domestic problem which may be settled by a presidential campaign, for the standard has broken down internationally. Instead of the United States having so little gold as to endanger its ability to maintain redemption, it has so much of the world's gold that other nations, its chief customers, are now off the gold standard and see little prospect of resumption. Inflation, due to government borrowing, instead of dying with greenbackism, was as great during the recent war as during the Civil War and left the same heritage of problems. The standard of prices, instead of stabilizing to some degree the price movement, permitted fluctuations as precipitous as in the days when the currency was irredeemable. The assets of banks, in spite of all the preaching about the superiority of self-liquidating paper, are composed today of a larger proportion of investment loans than ever before. Perhaps one ought not to expect a banking and currency system to come through a war without some scars, and yet as a record of legislative achievement the present situation is a little discouraging. Banking progress, instead of ending happily in the Federal Reserve act, appears to be a continued story in which the present episode is so complicated and full of danger that the credit system and the gold standard may count themselves lucky if they come out alive.

Under our system of legislation the proper policies to be pursued in such technical matters, difficult enough to decide even when discretion is in the hands of experts, are determined by a body of men entirely incompetent to deal with such questions. This is the conclusion which must be drawn from Professor Laughlin's record of the law's delay. "Hearings are usually held, not primarily to have various sides presented by experts, but to enable the ignorant member to be taught and to understand some of the obvious parts of a proposed measure. . . . Since men who are primarily politicians, and have little or no expert knowledge or training, must be personally convinced before a bill can even be reported from a committee, it is a perpetual wonder that workable laws on technical subjects are ever passed" (p. 156). Through this political maze must be guided the legislation which deals with the present problems. In view of their great complexity, and given the same rate of legislative progress that prevailed during the past gen-

eration, the provisions of the law will doubtless continue to lag far behind the long evident need.

WALTER W. STEWART.

Amherst College.

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